

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2809 – HB 3259**

March 22, 2010

**SUMMARY OF AMENDMENT (015694):** Subordinates liens for unpaid property taxes to any perfected purchase-money security interests created pursuant to Article 9 of the Uniform Commercial Code.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease Local Revenue – Exceeds \$500,000

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions applied to amendment:

- Under current law a lien for unpaid property taxes has statutory priority over other liens on a taxpayer's property. In some cases, subordinating the property tax lien will result in no assets being available to satisfy the property tax obligation after the purchase-money security interest has been satisfied. This will result in a reduction in local revenue estimated to exceed \$500,000 state-wide.
- Subordination of the property tax lien will diminish local governments' revenue base and may reduce the credit rating of some local governments, resulting in higher borrowing costs for those governments. This impact is indirect and cannot reasonably be quantified.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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